United Nations A/66/506*

General Assembly

Distr.: General
10 October 2011

Original: English

Sixty-sixth session
Agenda item 123 (b)
Strengthening of the United Nations system: central role of the United Nations system in global governance

Global economic governance and development

Report of the Secretary-General

Summary

The present report, submitted in response to General Assembly resolution 65/94, focuses on the link between global economic governance and development in the aftermath of the world financial and economic crisis. Against the backdrop of the increasing relevance of economic governance for development, the report describes the main features of the current system and outlines the different options proposed by Member States to address perceived gaps in the existing framework. The report focuses both on the role of the United Nations system with respect to economic governance more broadly and touches on the relationship of the United Nations with the Group of Twenty (G20) and regional institutions. The report puts forward initial recommendations on how to strengthen the international framework of global economic cooperation in support of development.

* Reissued for technical reasons on 10 November 2011.

11-53809* (E) 171111

Please recycle

I. Introduction

1. In its resolution 65/94, entitled "The United Nations in global governance", the General Assembly recognized the need for inclusive, transparent and effective multilateral approaches to managing global challenges and reaffirmed the central role of the United Nations in ongoing efforts to find common solutions to such challenges. The Assembly also requested the Secretary-General to submit an analytical report focusing on global economic governance and development, to be prepared in consultation with Member States and relevant organizations of the United Nations system. The present report is submitted in response to that request.

2. A note verbale was circulated to all Member States, seeking their views on the issue of global economic governance and development, and consultations were undertaken with the broader United Nations system through the Executive Committee on Economic and Social Affairs. The full text of replies received from Member States can be found on a dedicated website.[1] On 28 June 2011, the President of the General Assembly convened an informal thematic debate on the United Nations in Global Governance. An informal summary by the Secretariat and other background materials are posted on the same website.

3. In the present report, the term "global economic governance" refers to the role of multilateral institutions and processes in shaping global economic policies, rules and regulations. The report focuses on proposals made by Member States to strengthen the international framework for global economic cooperation in support of development. It does not cover the institutional framework for sustainable development, particularly its environment pillar, one of the themes of the Rio+20 Conference, to be held in June 2012.

II. Relevance of global economic governance for development

4. The world has become more economically interdependent since the existing mechanisms of global economic governance were created more than 60 years ago. The sharp increases in trade and capital flows in recent decades have made individual countries, especially smaller and poorer ones, more susceptible to policies adopted by others. Individual welfare has also been affected. While some have benefited from this trend, others have fallen deeper into poverty and dependence. There is broad agreement among policymakers and practitioners that government policies and international arrangements for collective decision-making have not kept pace with changes. There is increasing concern that existing governance arrangements do not adequately reflect the increased number of nation States and new economic realities, which have come about owing, in particular, to the increased importance of emerging market economies. The absence of an institutional framework for effective consensus-building is seen as underscoring divergent, and often conflicting, national interests, especially between developed and developing countries, and rendering it more difficult to arrive at implementable collective decisions.

5. There is broad consensus among Member States that global governance systems need to be more capable of dealing with interconnected socio-economic

[1] See www.un.org/esa/ffd/economicgovernance/index.htm.

challenges. They should facilitate more coherent and better-coordinated responses to crises, and many argue that they should be supported by institutions that are representative, inclusive and effective. Accordingly, they argue, governance institutions should be able to tackle global economic imbalances; promote sustained, inclusive and equitable growth; advance multilateral trade agreements; enhance food and energy security; provide social protection for the poor and vulnerable; and strengthen mechanisms that reduce inequalities.

6. The recent financial crisis has emphasized the need to strengthen international macroeconomic policy coordination and clarify responsibilities in implementing cooperative actions. The challenge is to ensure that the international community will be able to respond to global risks in a more timely, effective and cooperative fashion; that it will be able to develop mutually compatible policies on fiscal, monetary and exchange rate issues; and that it is successful in adopting mechanisms that support accountability and facilitate implementation.[2]

7. Effective global economic governance is also of critical importance for achieving the Millennium Development Goals and implementing a post-2015 development framework (see A/66/126). With the adoption of the Millennium Development Goals, the international community recognized the increasing interdependence of the world's nations and peoples and the need to establish a framework to underpin inclusive and equitable globalization in the twenty-first century. Now, as ever, the challenge lies in effective implementation of the many commitments endorsed by the General Assembly and the Economic and Social Council for a more coherent and consistent global economic system in support of development.[3]

III. The global economic governance framework

A. Major building blocks and features

8. Global governance in economic and social areas features a highly decentralized system made up of many intergovernmental organizations with varied compositions, structures and purposes. Individual agencies take critical decisions within their areas of expertise in line with their own governance rules. Many are part of the United Nations system; yet, accountability for their policies does not extend beyond their membership, which can differ from one agency to another. Moreover, how countries are represented in these organizations varies widely, ranging from constituency-based systems, such as the executive boards of the International Monetary Fund (IMF) and the World Bank, to simple one-country-one-vote arrangements, as in the General Assembly.

9. A distinction should be made between the United Nations Organization proper, with its six principal organs, and the wider United Nations system of specialized agencies, funds and programmes. The existing architecture of global economic

[2] See United Nations, *World Economic Situation and Prospects 2011* (United Nations publication, Sales No. E.11.II.C.2), pp. 40-42.

[3] See, for example, the Monterrey Consensus of the International Conference on Financing for Development, the Doha Declaration on Financing for Development and the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

governance also includes a number of bodies not formally part of the United Nations system, such as the World Trade Organization (WTO), the Bank for International Settlements and the Financial Stability Board.

10. A multitude of processes and institutions involved in economic governance also exist at the regional and subregional levels, with structures that differ widely in depth, purpose and composition. Regional arrangements are in place, especially in three areas: (a) regional integration and economic policy coordination; (b) crisis prevention and mitigation; and (c) development financing. Most mechanisms have focused on trade, with looser provisions for other coordination. Comparatively high degrees of integration exist in Europe (the European Union), the Caribbean (particularly, within the Caribbean Community and the Organization of Eastern Caribbean States) and the Middle East (the Gulf Cooperation Council).

11. Regional and subregional development banks are recognized as effective for development financing, mainly providing investment, trade and project finance, supporting economic development and stabilizing access to financial resources. They exist in every region, although with different priorities and strategies. Similarly, regional financial safety nets exist to prevent and mitigate financial crises.

12. The United Nations regional commissions provide valuable intergovernmental forums for policy dialogue and cooperation. They aim to foster economic integration at the regional and subregional levels, promote implementation of the Millennium Development Goals and support sustainable regional development.

13. Sovereign States have also often relied on informal arrangements and ad hoc groupings to deal with common concerns. Since the 1970s, global economic governance has increasingly involved small ad hoc groupings of States (namely, the G5, G7, G8, G10, G15, G24 and, most recently, G20). These small groupings, which typically bring together countries sharing certain characteristics or common interests, aim to catalyse timely action on pressing issues of the day. Meanwhile, the Group of 77 and China is an important stakeholder in the policy dialogue in support of the needs of developing countries.

14. Non-governmental organizations (NGOs) and the private sector have come to play an increasingly important role in the global economic and social arena. NGOs, representing civil society, have promoted development, with particular emphasis on social aspects, human rights, poverty eradication, gender equality and the environment. They are also involved in services once provided solely by Governments or intergovernmental organizations, including administering development programmes. Independent private organizations, like the World Economic Forum, have become important settings for multi-stakeholder dialogues. Over the past decade, the entire United Nations system has been increasingly recognizing the role and importance of the private sector, notably through major multi-stakeholder events such as the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002; the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002; the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008; and the Global Compact, which has advanced the concept of corporate social responsibility. Private sector organizations, labour and interparliamentary unions and NGOs are also

prominent in international standard- and norm-setting. Furthermore, the private sector has been instrumental in providing resources and expertise on the policy environment, technical programmes, advocacy and communication, knowledge management and resource mobilization.

B. Perceived deficiencies and gaps

15. A large number of Member States have expressed the view that current institutional arrangements have not often adequately addressed a range of pressing development issues, including reducing global economic imbalances, advancing a developmental multilateral trade agreement and reducing the adverse impacts of natural disasters. Some feel that the effectiveness of the existing architecture has been compromised by interrelated deficits in legitimacy, accountability, transparency, efficiency and coherence.

16. The unique legitimacy of the United Nations is based on its providing a truly universal and inclusive multilateral forum for dialogue and norm-setting. However, this distinctive feature of the United Nations has been associated with the General Assembly principle of one-country-one-vote, which is perceived by many to hinder its ability to take timely decisions on pressing economic and social issues. According to some, the difficulties in speedily arriving at multilateral solutions have been further exacerbated by the nature of deliberations and group negotiations at the United Nations, which, they argue, result in lowest common denominator outcomes. This fact, they argue, is partly responsible for driving actual global economic policy formulation and implementation from the United Nations Secretariat to specialized agencies that operate under their own governance structures.

17. In the Bretton Woods institutions, the weighted vote and constituency system is said to ensure representation of all countries while accounting for their economic weight in a relatively small, and hence presumably more effective, decision-making body. In recent years, IMF and the World Bank have implemented important reforms seeking to redress imbalances in voice and representation and move towards more responsive and accountable governance. Most developing countries believe these measures still fall short of achieving appropriate representation (see A/65/189 and A/66/167).

18. The World Trade Organization (WTO) is different from the World Bank and IMF in that decision-making power is not delegated to a board of directors or governors, or the organization's management. All major decisions are normally made by the membership as a whole by consensus. However, a common recent practice has been for the chairs of the negotiating groups to seek compromise by consulting smaller groups. Some delegations are concerned that these so-called "Green Room" meetings are not transparent, lack clear rules of representation and can lead to important compromises being struck without adequate knowledge and understanding of their implications.

19. Some Member States have expressed concern that most formulation and implementation of global economic policies takes place in autonomous agencies,

particularly the Bretton Woods institutions,[4] independently of the United Nations. Others are of the view that the rest of the United Nations system should leave economic policy advice to the specialized agencies, which they believe to have greater technical capacity and competence to provide specialized policy support. Unfortunately, notwithstanding commitments repeatedly reiterated by the international community to enhance the coordination role of the United Nations in global economic governance, deliberations in the Economic and Social Council have not been able to attract the same degree of participation by senior government officials from finance, trade and other economic ministries as corresponding deliberations by the Bretton Woods institutions and WTO.

20. Some Member States have argued that this may, in turn, have contributed to weak accountability for commitments made at United Nations summits and conferences, as well as for decisions by the main United Nations organs. One example they point to is the failure to fulfil official development assistance targets. Other examples include the limited importance given to the follow-up mechanisms for the Monterrey and Doha Conferences on Financing for Development and the relative marginalization of the United Nations in crucial areas of development cooperation (e.g., aid effectiveness and taxation). The situation is said to be exacerbated by the fact that commitments made at United Nations conferences and summits tend to have weak review and accountability mechanisms, and the decisions of the Economic and Social Council and its functional commissions have no binding power.

21. The Economic and Social Council is the main United Nations body tasked with ensuring coordination, coherence and cooperation among the relevant economic and social bodies. Many Member States feel, however, that it is unable to satisfactorily perform this function as the powers assigned to it have been weak and/or not fully exercised. While the Charter of the United Nations gives the Economic and Social Council responsibility to make recommendations and take decisions, these are not binding on Member States or specialized agencies. Consequently, while Member States repeatedly reaffirm the role of the Council in promoting the overall coherence, coordination and cooperation of United Nations system activities in economic, social and related fields, the Council continues to face difficulties in effectively fulfilling this role.

22. In the Monterrey Consensus of the International Conference on Financing for Development,[5] the United Nations, the World Bank and IMF, together with WTO, are encouraged to address issues of coherence, coordination and cooperation, in follow-up to the Conference, at the annual spring meeting between the Economic and Social Council and the Bretton Woods institutions. The 2005 World Summit

[4] The Bretton Woods institutions were established by the United Nations Monetary and Financial Conference held at Bretton Woods in 1944. General Assembly resolution 124 (II) of 15 November 1947 approved the relationship agreements (A/349) between the United Nations and the Bretton Woods institutions and assured them of their independence. Document E/2009/115 provides an overview of the implementation of the agreements between the United Nations and the Bretton Woods institutions, focusing in particular on innovative institutional arrangements for enhancing collaboration between them in the economic, social and related fields.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

strengthened Economic and Social Council functions as a forum for policy coordination and accountability by introducing the annual ministerial review and the biennial Development Cooperation Forum. However, achieving greater inter-agency collaboration continues to be a challenge.

23. At the inter-agency level, the main mechanisms for promoting coordination, coherence and information-sharing are the United Nations System Chief Executives Board for Coordination (CEB), the Executive Committee on Economic and Social Affairs and the United Nations Development Group.[6] Since its establishment in 2000, CEB has led to some improvement in inter-agency coordination. Its High-level Committees on Programmes and Management have developed more effective and coordinated approaches to system-wide concerns and reform processes. But the Board's potential has yet to be fully realized. There is some concern that CEB may lack the coordination powers and accountability required for enhancing system-wide coherence.[7] Similar concerns apply to the Executive Committee on Economic and Social Affairs. While there is an overall recognition that it has helped promote coherence in the work of various United Nations Secretariat entities, there is general agreement that it also needs to further enhance collaboration among its members, develop strategic priorities that can be pursued collectively and strengthen linkages between its normative and operational work. The example of certain "One United Nations" country pilots, which have succeeded in improving policy coherence and effectiveness of the United Nations development system at the country level, suggests that by further strengthening the United Nations resident coordinator system, the United Nations Development Group could enhance synergies and efficiencies to improve United Nations support for national development plans and priorities.

24. A large number of Member States believe that inter-agency cooperation has been hindered by competition for funding and by outdated business practices. The High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment highlighted operational incoherence among United Nations funds, programmes and agencies at the country level. For example, it cautioned that more than one third of United Nations country teams have 10 or more United Nations agencies on the ground. This, it argued, can weaken the coherence of programme interventions, exacerbating shortcomings in efficiency, transparency and accountability. A second problem that Member States have identified is that, over the years, United Nations system practices, processes and culture have evolved in an ad hoc manner, responding to specific situations and agency, country and donor needs. The absence of system-wide common rules and processes, in many instances, makes it more difficult to leverage synergies across agencies. Member States have theretofore concluded that a more coherent

[6] CEB, chaired by the Secretary-General, comprises the executive heads of 28 member organizations of the United Nations system. The Executive Committee on Economic and Social Affairs, convened by the Under-Secretary-General for Economic and Social Affairs, aims to promote common approaches among entities in the United Nations engaged in normative, analytical and technical work in the economic and social fields. The United Nations Development Group, chaired by the Administrator of UNDP, unites the 32 United Nations funds, programmes, agencies, departments and offices that play a role in development, with a view to coordinating, harmonizing and aligning United Nations development activities.

[7] See Delivering as one: report of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment (A/61/583).

development framework is necessary to increase managerial accountability and effectiveness.

25. At the global level, Member States argue that deficits in coherence, coordination and cooperation have meant that decisions on growth, finance, trade, employment and other issues are not always consistent with one another. To reduce duplication and conflicting policy agendas, while better harnessing complementarities, they urge that the roles of existing institutions be more clearly defined.

26. Internationally consistent and effective financial regulation constitutes an urgent challenge. In response to the recent crisis, many Member States have argued that better public oversight over and regulation of entities in the financial sector are urgent and indispensable. They point to the fact that much of the existing international financial architecture relies on private organizations and institutions such as the Bank for International Settlements and the Financial Stability Board, which are limited in terms of their functions and not fully representative in terms of membership.

27. Another issue that some Member States feel is inadequately addressed by the multilateral system is sovereign debt restructuring (see A/66/164). They argue that the growing importance of private and official non-Paris Club creditors in total external debt poses new challenges to official debt restructuring mechanisms, including the Paris Club, which requires its debtors to seek comparable treatment from other lenders, including private creditors.[8]

IV. Addressing the perceived deficiencies and gaps in global economic governance

A. Strengthening the role and effectiveness of the United Nations system

1. Recent intergovernmental mandates

28. The 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development resolved to strengthen the role of the United Nations and its Member States in economic and financial affairs, including its coordinating role (see General Assembly resolution 63/303, annex, para. 16). The 2008 Follow-up Conference on Financing for Development to Review the Implementation of the Monterrey Consensus adopted the Doha Declaration on Financing for Development, in which it underscored the need for United Nations involvement to improve the functioning of the international economic and financial system (see General Assembly resolution 63/239, annex, para. 68). In response, United Nations intergovernmental bodies have been devoting considerable attention to the subject of global economic governance. Most recently, the General Assembly at its sixty-fifth session focused its general debate on reaffirming the central role of the United Nations in global governance. Similarly, the issue was discussed by the Economic and Social Council at its 2011 special high-level meeting with the Bretton Woods

[8] With regard to debt relief for poor countries, the Heavily Indebted Poor Countries Initiative, supplemented later by the Multilateral Debt Relief Initiative, had reduced the debt burden of eligible countries by over 80 per cent as of end 2010.

institutions, WTO and the United Nations Conference on Trade and Development (UNCTAD).

29. In the 2005 World Summit Outcome, the General Assembly called for further strengthening the role of the Economic and Social Council as a forum for policy debate and consensus-building (see General Assembly resolution 60/1). Responding to those mandates, the General Assembly adopted resolution 61/16, in which it established the annual ministerial review to monitor progress made in implementation of the United Nations development agenda, including the Millennium Development Goals, and the biennial Development Cooperation Forum to review trends and progress in international development cooperation, including aid effectiveness.

2. Recent proposals for reform

30. Whereas there seems to be widespread agreement on the need for reform of United Nations bodies such as the Economic and Social Council, there is far less consensus on what needs to be done to achieve this objective. For instance, some proposals for instituting a coordination and policymaking mechanism call for the creation of new mechanisms while others argue for strengthening the Economic and Social Council and/or other existing bodies.

31. One recent proposal by Member States calls for creating a global economic coordination council at a level equivalent to that of the General Assembly and the Security Council.[9] The new mechanism would promote development, secure consistency and coherence in the policy goals of major international organizations and support consensus-building among Governments on efficient and effective options to enhance global economic governance. Representation in the council would presumably be based on a constituency system and designed to ensure that all regions and major economies are represented, with relevant global institutions participating in its work.

32. An alternative proposal calls for preserving the current composition of the Economic and Social Council, but increasing its political impact. This would be achieved through holding annual meetings at the level of Heads of State or Government to consider major decisions on global economic governance. These summits could be complemented by ministerial-level meetings on sectoral issues, primarily involving economic, finance and other relevant ministers.

33. A third proposal calls for reducing the membership of the Economic and Social Council. The High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment proposed a Global Leaders Forum of the Economic and Social Council. The Forum would comprise the leaders of half of the Council's members, rotating on the basis of geographic constituency representation (see A/61/583, para. 59), or a combination of designated seats plus constituency-based seats, with one, instead of the current two, from each constituency.

34. A fourth proposal suggests tasking the existing General Committee of the General Assembly to serve as a coordination committee on global economic

[9] See the recommendations of the Commission of Experts of the President of the General Assembly on reform of the international monetary and financial system (A/63/838), para. 24.

governance, to be convened at least yearly at the summit level, around the opening of the annual general debate.[10]

35. Proponents of such suggested mechanisms argue that the greater legitimacy, credibility and authority attached to their decisions would enhance coordination and cooperation across the United Nations system, in addition to ensuring more effective policymaking. Corresponding improvements in efficiency, accountability and transparency across the system must improve coherence and consistency among the various agencies. Most importantly, they argue, the representativeness of the proposed mechanisms, housed in the universal setting of the United Nations, would confer an authority to their decisions that cannot be matched by other bodies.

3. Suggested targeted measures

36. In addition to more ambitious proposals to create new structures or adapt existing ones, a number of Member States have suggested that it would be useful to consider targeted measures to enhance the functioning of United Nations organs and subsidiary machinery, improve coordination and efficiency, and strengthen engagement with non-State actors. Proposals can be divided into three kinds of actions: (a) enhancing the functioning of relevant United Nations organs and subsidiary machinery; (b) promoting efficiency and coordination at inter-agency and operational levels; and (c) raising the credibility and profile of the United Nations.

(a) Enhancing the functioning of United Nations organs

37. With respect to the issue of improving the functioning of United Nations organs and their subsidiary machinery in the economic and social sphere, attention has focused on enabling the Economic and Social Council to better facilitate policy guidance and debate; promote coherence, coordination and cooperation within the United Nations system; and effectively follow up on United Nations conferences and summits.

38. Options to increase the credibility and effectiveness of the Economic and Social Council, in view of its coordinating role, should include, on the policy front, stronger relations with the Bretton Woods institutions, WTO and other relevant stakeholders, at both the secretariat and intergovernmental levels. Some Member States emphasized that, with enhanced credibility and effectiveness, the Economic and Social Council would become an ideal forum to assess issues and gaps related to the global economic governance architecture.

39. Among the proposed practical changes to enhance the coordinating role of the Economic and Social Council are greater engagement with national authorities at the operational/country levels, more focused Council functions and responsibilities, and better structured interaction between the Council and CEB. Some Member States have also argued that better demarcating the roles and agendas of the General Assembly and the Council could make the work programmes of both organs better complement each other.

40. The Council's potential to facilitate a more efficient and integrated follow-up to United Nations conferences and summits may also be better utilized. It has been

[10] Some have objected that the coordination committee would likely overlap with the work of the executive boards of the Bretton Woods institutions and would not receive the level of professional support that the IMF and World Bank secretariats provide to their boards.

suggested that forums like the annual ministerial review and the Development Cooperation Forum can increase accountability in implementation of internationally agreed development goals, including the Millennium Development Goals. However, proper systems of monitoring will be key to achieving this end.[11] Knowledge and information sharing among relevant agencies and organizations within and outside the United Nations system remain crucial in this regard. In this context, some Member States have argued that the national voluntary presentations of the annual ministerial review could be broadened to incorporate greater stakeholder involvement and technical inputs. Similarly, it has been proposed that the Development Cooperation Forum could ensure complementarities and foster substantive linkages with other relevant forums to become a more effective platform for mutual accountability for the United Nations development agenda, including the Millennium Development Goals.

41. The 2011 review of implementation of General Assembly resolution 61/16 on strengthening of the Economic and Social Council (see A/65/866, annex) resulted in a number of recommendations related, inter alia, to enhancing the relationship between the Council and other United Nations organs, specialized agencies, funds and programmes; strengthening the annual special high-level meeting of the Council with the Bretton Woods institutions, WTO and UNCTAD; focusing the Development Cooperation Forum agenda on a limited number of selected themes; enhancing the national voluntary presentations and preparatory work for the annual ministerial reviews; and improving the working methods of the Council.

42. Some Member States have argued in favour of improving the functioning of the General Assembly in the area of development and international cooperation. For example, it has been proposed that the implementation of the global partnership for development, embodied in the Monterrey Consensus and the Doha Declaration on Financing for Development, would be significantly strengthened by establishing a representative, multi-stakeholder financing for development committee at its centre, linked to the broader global economic governance mechanism under discussion.

(b) Promoting inter-agency coordination

43. The second category of proposed measures relate to actions to promote efficiency and coordination at inter-agency and operational levels. In its report, the High-level Panel on United Nations System-wide Coherence explored ways and provided recommendations to further strengthen the management and coordination of United Nations operational activities to improve the effectiveness of their contribution to the achievement of the internationally agreed development goals, including the Millennium Development Goals.[7] In response, the General Assembly adopted resolutions (resolutions 62/277 and 63/311) highlighting five key areas of concern: (a) strengthening institutional arrangements to support gender equality and women's empowerment; (b) strengthening governance of operational activities of the United Nations system for development; (c) improving the funding system of operational activities of the United Nations system for development; (d) "Delivering as one"; and (e) harmonization of business practices. In turn, the Secretary-General issued a report in 2009 providing, inter alia, options for improving the governance

[11] Effective monitoring of progress towards commitments is dependent on global cooperation, especially among international agencies, and close consultation with national experts and statisticians.

and financial reporting of operational activities for development, key principles for establishing an independent system-wide evaluation mechanism, and harmonization of business practices (A/64/589). The creation of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) in 2010 is an important landmark, reflecting significant progress for system-wide coherence and coordination within the United Nations.

44. In order to promote robust oversight, careful and improved performance, and results on the ground, it is important to establish clear lines of accountability among the governing bodies of the various United Nations agencies. Ultimately, this level of coordination implies an effective, legitimate and high profile governing mechanism for the United Nations system. Currently, such a system exists at the Secretariat level through CEB, which has advanced inter-agency coordination, but has not yet utilized its full potential. This year, CEB made noteworthy progress in the implementation of the Plan of Action for the Harmonization of Business Practices in the United Nations System and adoption of a coordinated system approach for a fairer, sustainable globalization (see A/66/1, para. 110). However, its interaction with United Nations intergovernmental bodies needs to be strengthened.

45. Strengthened intergovernmental mechanisms should help the United Nations system deliver as one at the global, regional and country levels. In this connection, the High-level Panel on United Nations System-wide Coherence proposed the establishment of a Sustainable Development Board to replace the annual joint meeting of the executive boards of the funds and programmes.[7] It was suggested that the Board could be re-envisaged to include other relevant agencies and multilateral institutions. It would maintain strategic oversight of the system, review implementation of "Delivering as one" at the country level, oversee management of funding mechanisms for the United Nations development agenda, endorse country development programmes and approve related allocations.

(c) Engaging non-State actors

46. The third category of suggested measures aims to raise the United Nations profile as a centre of analysis and a forum for global dialogue and consensus, with partners from the private sector, civil society, academic bodies and think tanks. Over the past few decades, intergovernmental processes within the United Nations system have increasingly been complemented by a growing array of engagement frameworks that bring Member States together with non-State actors in joint initiatives for policy analysis, action and evaluation. There are a number of areas where the United Nations, both at the Secretariat and intergovernmental levels, could further enhance the contribution of those actors.

47. Progress to facilitate non-State actor engagement in intergovernmental processes at the United Nations should continue. Such engagement, it has been argued, could also enhance accountability at the global level. Some Member States suggested that, apart from existing formal arrangements, such as consultative status with the Economic and Social Council, additional engagement mechanisms could also be considered to enable Member States to seek timely input and expertise on new challenges and emerging issues. For example, in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development the Economic and Social Council was requested to make recommendations to the General Assembly regarding the possible establishment of

an ad hoc panel of experts to provide independent technical expertise and analysis, "which would contribute to informing international action and political decision-making and fostering constructive dialogues and exchanges among policymakers, academics, institutions and civil society" (resolution 63/303, annex, para. 56 (e)).[12] The Council recommended that the possible establishment of an ad hoc panel of experts should be further considered by the General Assembly, taking into account the outcomes of various related processes (Economic and Social Council resolution 2011/39).

48. Engagement with non-State actors could also be further strengthened through multi-stakeholder initiatives. Functional commissions and follow-up processes to major United Nations conferences and summits have increasingly engaged non-State actors in their meetings and sessions. Informal arrangements for multi-stakeholder forums to broaden the engagement of non-State actors is another suggestion that Member States have put forward, which they may wish to explore further.

B. Evolving relationship between the United Nations and the Group of Twenty

49. The emergence of the G20 as the self-proclaimed premier forum for international economic cooperation reflects the perceived problems of the existing Group of Seven (G7) finance ministers' forum and the increasing importance of several emerging economies in the global economy.

50. The limited membership of the G20 is seen by many as helpful for more effective and timely decision-making by key economic players. This perception has been reinforced not only by the G20 leaders' effective early response to the recent financial crisis, but also by other measures, such as reinforcement of the financial resources and reform of the lending facilities of IMF and provision of relief for Haiti's debt to international financial institutions. In financial regulation reform, the G20 has played a role in accelerating the replacement of the Financial Stability Forum with the Financial Stability Board. It has also made commitments to improve representation of developing countries in the Bretton Woods institutions.

51. The G20 has demonstrated greater willingness to involve non-members and foster new arrangements with relevant stakeholders within the United Nations system, including the Bretton Woods institutions, the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO) and UNCTAD, as well as WTO, the Organization for Economic Cooperation and Development (OECD), the Financial Stability Board, the Bank for International Settlements, civil society and the private sector. For example, at their Toronto Summit, G20 leaders made commitments to cooperate closely with the Bretton

[12] The panel of experts could also contribute to strengthening global economic monitoring. In this regard, an evaluation of the performance of IMF surveillance in the run-up to the global crisis by the IMF Independent Evaluation Office had identified a number of shortcomings. In response, the IMF has taken steps to enhance its surveillance activities (for a detailed discussion see IMF, Independent Evaluation Office, "IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07", 2011; *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1), chap. V; and A/66/167). For a discussion of past terms of reference and any relevant factors or experience of previous ad hoc panels of experts, see E/2009/113.

Woods institutions and to establish a working group on development. The Seoul Summit Declaration complemented existing development commitments, particularly those of the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals. During 2011, several United Nations organizations have engaged with G20 members in implementing the Seoul Multi-Year Action Plan on Development, particularly the food security pillar. By and large, international organizations contribute by providing technical expertise for reports and implementation capacity for their proposals. The G20 has called for enhanced food security policy coherence and coordination and welcomed progress on the Global Agriculture and Food Security Programme, as well as other bilateral and multilateral initiatives, including the Committee on World Food Security.

52. The operational activities of the United Nations system have been crucial in complementing the macroeconomic and financial actions of the G20, particularly in addressing the needs of the poorest countries and their most vulnerable populations. The United Nations system set in motion coordinated responses to the crisis, particularly the nine joint crisis response initiatives established by CEB (see E/2009/114, sect. III). These include additional financing for the most vulnerable, food security, trade financing, green recovery initiatives, a global jobs pact, a social protection floor and better monitoring and analysis, including developing an effective early warning system. All these initiatives represent collaboration among agencies deemed best able to undertake them. Member States, both within and outside of the grouping, have encouraged the continued complementarity of effort among the United Nations, the G20 and other multilateral organizations.

C. Role of regional institutions

53. Regional institutions and arrangements have the potential to strengthen the existing architecture of global economic governance. They are well placed to capture and respond to specific regional needs and demands, especially for small countries. With deeper knowledge of the regions they operate in, they can help tailor programmes and instruments to country needs. While IMF can play a central role in macroeconomic coordination and surveillance at the global level, similar processes at the regional and subregional levels can complement and augment that role.[13] Its ability to mainstream the regional and local contributions to global policymaking, thanks to its global presence on the ground, has been one of the strengths of the United Nations.

54. While smaller and poorer countries are often most affected by global rules, they usually have little say in their design. It has been argued, therefore, that regional arrangements can help provide better representation for smaller, least developed countries and stronger voice and ownership for them. Accordingly, regional institutions can also contribute to the development of a more consistent voice for a region in global forums, and, as such, can be beneficial in facilitating service provision to smaller countries, such as technical support or liquidity financing.

[13] Whereas IMF also has a regional surveillance function, regional organizations may be better placed to fulfil this role, given their knowledge of countries, trends and conditions in their regions, particularly during regional crises.

55. Globalization has enhanced intraregional trade and investment flows, increasing the potential for spillover effects. In this context, regional cooperation has the potential to help countries better mobilize resources, reduce costs and benefit from economies of scale. Some Member States have emphasized the role of regional mechanisms in policy coordination, macroeconomic dialogue and surveillance, as well as in developing regional crisis management instruments.

56. Some Member States suggested that the coexistence of global, regional and subregional arrangements may mean that services are provided on a complementary basis in some cases and on a competing basis in others. The benefits of such an arrangement is said to be greater stability, owing to the fact that services are provided by more diverse institutions, as well as greater balance, owing to greater voice and representation for smaller countries. This could also allow the international community to explore and leverage synergies within such arrangements.

57. Some Member States argued that, as an initial step, linkages between the regional and the global levels could be enhanced such that regional and global processes could inform one another. Within the United Nations, it has been argued that this could take place through a strengthened Economic and Social Council, and the coordination, catalytic and convening roles of the regional commissions, which could help articulate regional perspectives on the thematic focus of the Council's annual ministerial reviews.

D. Addressing related challenges

58. There are important additional challenges relating to global economic governance that require serious consideration. These include the need to strengthen the representation of developing countries in non-United Nations bodies,[14] enhance the effectiveness of frameworks for resolving pressing economic issues currently addressed outside the United Nations system and strengthen South-South and triangular cooperation.

59. The Bretton Woods institutions have implemented reforms to achieve more effective, adequate and legitimate country representation in the institutions. While these reforms have been applauded, by and large, as steps in the right direction, some Member States urged that more should be done, including by ensuring a more inclusive selection of the leadership of the Bretton Woods institutions. Similarly, Member States have encouraged efforts to strengthen the representation of developing countries in other standard- and norm-setting bodies, such as the Bank for International Settlement and the Financial Stability Board.

60. Systematic measures are needed to address women's underrepresentation in arrangements of governance, where key policy decisions and resource allocations are often made without taking gender into account, thus inadvertently perpetuating gender inequalities. Reforms need to ensure women's equal participation so as to increase their voice and influence in economic governance.

[14] See the Doha Declaration on Financing for Development (General Assembly resolution 63/239, annex), para. 77.

61. Efforts are needed to fully realize the potential of existing multilateral frameworks. The international community must join forces to conclude the Doha round of multilateral trade negotiations and move towards a free, fair, open and equitable trading system that takes the interests of developing countries, particularly the least developed countries, into account.

62. A more development-friendly global economic governance system has been called for in order to assist developing countries in addressing a wide range of pressing issues where there are no multilateral frameworks, such as achieving long-term debt sustainability, improving tax cooperation, promoting less volatile commodity markets, guaranteeing food and nutrition security, promoting gender equality, accessing new technologies and protecting migrants' rights and their important economic contributions. Member States have also reiterated earlier proposals for improving the international financial architecture in support of development. In this context, the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System called for consideration of a new global financial authority to coordinate financial regulation, including oversight of certain global rules.[9]

63. Global economic governance should also incorporate mechanisms for anticipating and reacting to economic and social risks, including those associated with natural hazards. The Secretary-General's Global Pulse initiative is focused on leveraging new technologies and data to better understand, in real time, the impacts of global shocks — like food, fuel and water crises — on vulnerable populations. Global Pulse functions as an innovation lab, working closely with Member States and other partners to research, develop, test and share tools and approaches for harnessing real-time data to detect collective behaviour changes that might imply developmental reverses. Knowing the "how, where and when" of a global crisis while it is still unfolding — and in particular how people are coping with its effects — can improve resilience and protect hard-won development gains. Further progress is nevertheless needed to better coordinate international action on risk anticipation and mitigation, and crisis prevention and preparedness, including capacity-building for crisis management in developing countries. Member States have also argued that medium- and long-term instruments, such as social protection schemes to mitigate the impact of economic crises on vulnerable populations, disaster risk mapping and reduction measures, should also be considered in the context of a consolidated and comprehensive crisis management framework to help reduce vulnerabilities.[15]

64. Finally, Member States have identified the need to coordinate policies among developing countries to help promote South-South and triangular cooperation, particularly in support of least developed countries. It has been argued that regional and subregional bodies may provide the appropriate settings to consider relevant issues in many instances since much of South-South cooperation takes place at those levels. Likewise, developing and developed countries engaged in triangular cooperation would benefit from an effective institutional framework consistent with greater harmonization of practices.

[15] See http://www.unglobalpulse.org/.

V. Conclusions

65. **There is a need for enhanced coordination, cooperation, coherence and effective policymaking across the entire United Nations system. Serious consideration should be given to various proposals made in this regard. Member States should consider the best ways to balance effectiveness with inclusiveness and representation.**

66. **Measures should be considered to enhance the functioning and working methods of relevant United Nations organs (especially the Economic and Social Council) and their subsidiary machinery, improve coordination and efficiency at the inter-agency and operational levels and enhance engagement with non-State actors. The performance of United Nations organs and bodies should be periodically reviewed and, when necessary, reformed.**

67. **Efforts should be made to ensure that there continues to be predictable and consistent engagement between the G20 and the United Nations to ensure complementarity between their objectives and activities in support of development.**

68. **Efforts should continue to further enhance the voice and representation of developing countries in multilateral institutions and other norm- and standard-setting bodies, as called for in the Monterrey Consensus, the Doha Declaration on Financing for Development and the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. Moreover, the international community should address gaps in multilateral frameworks and pay due attention to issues related to policy coherence among all international organizations in the face of the cross-cutting challenges of an interconnected world.**

69. **Regional institutions and arrangements should be better incorporated into the framework for global economic governance. Within this framework, the regional commissions have an important role to play in bringing to bear the lessons learned from their presence on the ground and in reflecting regional and local sensitivities in global decision-making. In this context, Member States should also consider measures to ensure that the Economic and Social Council steps up its coordinating role in a focused and effective manner.**

70. **Going forward, Member States may wish to discuss global economic governance and development, with a view to enhancing the coherence of all three pillars of sustainable development. These deliberations should integrate the outcome of the 2012 Rio+20 Conference, in particular measures to strengthen the institutional framework for sustainable development at all levels.**